

## Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 AID-05 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04

SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 PA-01

PRS-01 L-03 H-01 /090 W

-----094842 111441Z /44

O R 111340Z AUG 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 5098

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L KINSHASA 7576

DEPT PLEASE PASS EXIM, COMMERCE, TREASURY, OPIC

E.O. 11652: GDS

TAGS: EFIN CG

SUBJECT: GOVERNOR OF BANK OF ZAIRE'S DISMISSAL

BEGIN UNCLASSIFIED

1. ALL MEDIA THIS MORNING PRINT TEXT OF DECREE SIGNED BY MOBUTU AUGUST 10 FIRING GOVERNOR OF THE CENTRAL BANK, SAMBWA PIDA NBAGUI, EFFECTIVE IMMEDIATELY AND TURNING OVER HIS FUNCTIONS ON AN INTERIM BASIS TO COMMISSIONER OF FINANCE BOFOSSA. BOFOSSA WILL CONTINUE TO HOLD THE FINANCE PORTFOLIO AS WELL.

2. IN AN INTERVIEW WITH ELIMA THE PRESIDENT SAID THAT WHILE SAMBWA WAS NOT GUILTY OF TREASON, HE HAD, HOWEVER, COMMITTED SEVERAL BLUNDERS ("GAFFES") WHICH PRECLUDED HIS CARRYING OUT THE IMPORTANT FUNCTIONS WHICH THE PRESIDENT HAD ASSIGNED HIM. MOBUTU DECLINED TO BE MORE SPECIFIC REGARDING THE NATURE OF SAMBWA'S  
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MISTAKES, BUT PUT THE DISMISSAL IN THE CONTEXT OF A "GENERAL PURGE TO PUT AN END TO CERTAIN CARELESS HABITS DENOUNCED IN MY JULY 1ST SPEECH." MOBUTU WENT ON TO POINT OUT THAT IN HIS SPEECH HE HAD EMPHASIZED THAT ZAIRE DID NOT BELONG ONLY TO "CERTAIN PRIVILEGED FRIENDS OF THE PRESIDENT OF THE REPUBLIC" BUT TO THE 25 MILLION ZAIRIANS AND THAT SAMBWA'S DISMISSAL IS ONLY THE BEGINNING OF A LONG SERIES OF DEPARTURES OF CIVIL SERVANTS WHO WERE LINKED WITH

THE SHABA INVASION. MOBUTU ENDED THE INTERVIEW BY NOTING THAT THE DOSSIER ON THE MILITARY HAVING BEEN CLOSED, IT IS NOW TIME TO BEGIN ON THE CIVILIANS.

END UNCLASSIFIED

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3. COMMENT: NO MAN IS INDISPENSABLE AND WE WOULD NOT EXCLUDE SAMBWA FROM THOSE GUILTY OF CORRUPTION. BUT OUR INITIAL REACTION IS THAT GOVERNOR SAMBWA'S DISMISSAL DOES NOT BODE WELL FOR CONTINUATION OF THE IMF STABILIZATION PROGRAM AND THE PROMISED ECONOMIC REFORMS. CERTAINLY THE TIMING OF HIS DISMISSAL COMES AT A PARTICULARLY AWKWARD MOMENT. GOVERNOR SAMBWA AND FRIEDMAN OF CITIBANK WERE PRINCIPAL AUTHORS OF LONDON BANK AGREEMENT WHICH IS NOW AT A CRUCIAL PHASE. GOVERNOR SAMBWA HAS ESSENTIALLY SATISFIED THE ZAIRIAN REQUIREMENTS FOR THIS AGREEMENT AND THE PRIVATE BANKS ARE IN THE PROCESS OF COMPLETING THEIR PART OF THE BARGAIN, I.E., ATTEMPTING TO RAISE \$250 MILLION IN MEDIUM-TERM CREDITS. LIKEWISE, AN IMF REVIEW UNDER THE EXISTING STANDBY AGREEMENT, WITH WHICH GOVERNOR SAMBWA IS CLOSELY IDENTIFIED, IS SCHEDULED FOR SEPTEMBER AND ANOTHER FOR JANUARY. GOVERNOR SAMBWA WAS ALSO IMPORTANT FOR OUR PL-480 PROGRAM AS IT IS THE CENTRAL BANK WHICH MUST PROVIDE FOREIGN EXCHANGE FOR THE FIVE PERCENT DOWN PAYMENT AND SHIPPING CHARGES. GOVERNOR SAMBWA HAD PROMISED US THAT HE WOULD DO SO AND ON A TIMELY BASIS.

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4. OBVIOUSLY MUCH WILL DEPEND UPON THE SELECTION AND POWERS ALLOTTED TO GOVERNOR SAMBWA'S SUCCESSOR. HOWEVER, THE INTERIM APPOINTMENT OF BOFOSSA DOES NOT APPEAR PROMISING. ALTHOUGH A CAPABLE AND SINCERE YOUNG MAN WHO PERFORMS WELL IN INTERNATIONAL FORA, HE IS AN INDECISIVE ADMINISTRATOR.

5. WE EXPECT TO HAVE MORE INFORMATION IN THE FUTURE BUT AT THE MOMENT WE WOULD SPECULATE THAT AMONG THE PRINCIPAL REASONS FOR GOVERNOR SAMBW'S DISMISSAL ARE (A) THE VERY SEVERE BELT TIGHTENING CAUSED BY THE LONDON BANK AGREEMENT, I.E., APPROXIMATELY \$80 MILLION OF INTEREST PAYMENTS HAVE BEEN MADE DIRECTLY TO THE PRIVATE BANKS AND ANOTHER \$85 MILLION OF PRINCIPAL PAID INTO A BLOCKED ACCOUNT, THUS PUTTING A SEVERE CONSTRAINT UPON FOREIGN EXCHANGE AVAILABLE FOR IMPORTS AND OTHER EXPENDITURES; AND (B) REVENGE OF BISENGIMANA WHO, ALTHOUGH NOT BACK IN AN OFFICIAL POSITION, SEEMS TO REMAIN A POWERFUL CONFIDANT OF MOBUTU FOR WHOM HE HAS RECENTLY UNDERTAKEN SEVERAL IMPORTANT DIPLOMATIC MISSIONS, NOTABLY WITH THE FRENCH AND BELGIANS.

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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